

Governor Riley's Legislation – Special Session 2004

Synopsis: SEHIP Active Employees

The bill provides for the sharing of the cost of health insurance premiums by state employees and retirees covered by the State Employees Health Insurance Plan (SEHIP), offers supplemental coverage through SEHIP, increases the authority of the State Employees Insurance Board (SEIB), and provides assistance to low income employees and retirees.

Board Authority Over Premium Rates – Currently, SEIB does not have the authority to increase premiums, etc. among certain employee and retiree classes. This bill gives SEIB the authority to increase premiums, etc. among all classes of employees and retirees by a 2/3 vote of Board members with certification by the Executive Director.

Allows Employees to Opt Out of Health Plan – Currently, state employees must enroll in SEHIP. The bill allows employees to opt out of participation in the plan.

Active Employee Supplement to Other Coverage – The bill allows for an employee to purchase supplemental coverage in lieu of primary coverage. Other employers cannot deny coverage to a state employee or spouse because of eligibility in state health plans. Supplemental policies will cost the state about 60 percent less than full coverage.

Individual Premium Adjustment for Avoidable Risk Factors – The bill requires SEIB to add a surcharge to the “employee contribution” for smokers and consider other “avoidable risk factors” as determined by 2/3 vote of SEIB (i.e. smokers would pay \$20 per month in extra monthly premiums). Penalties can be applied for submitting false or misleading information.

Federal Poverty Level (FPL) Subsidy – The bill provides assistance to low-income employees as determined by federal poverty guidelines. For example, a family of four with a household income below \$18,850 would receive a subsidy of \$82 toward the total premium cost of \$164.

Independent Actuarial Review – The bill provides for annual actuarial reviews of SEHIP.